

Wright County /Wright Co. Road Maintenance Empl. Assn.

2004-2005
CEO 9 sector 1

IN THE MATTER BETWEEN

The Public Employer The Wright County Board of Supervisors	Iowa Public Relations Board: CEO # 9/Sector 1
and	Final and Binding Settlement Recommendations
The Public Employees The Wright County Secondary Road Maintenance Organization	Walter J. Foley Adjudicator

Appearances

Representing the Employee Organization

Mr. Thomas Anthony (Spokesperson)

Mr. Dan Homan (Spokesperson)

Mr. Jim Ahrens

Mr. Wayne Elkin

Mr. Dennis Doppel

Mr. Denny Hammel

Representing the County

Ms. Renee Von Bokern (Spokesperson)

Mr. Conrad Kheppe

Mr. Stephen Reitz

Mr. Rod Toftey

Introduction

On April 13, 2005, the Public Employment Relations Board (hereinafter the PERB) notified the undersigned that he had been appointed to adjudicate the unresolved wage (Article 11) and insurance (Article 12) issues in the Wright County Board of Supervisors (hereinafter the County) and the Secondary Road Employee Organization (hereinafter the Union) in their July 1, 2005-June 30, 2006 collective bargaining Agreement. The parties agreed that the adjudicator was to conduct what they described as a Final Fact-Finding Hearing and issue recommendations in a Report that would be *final and binding*. The original date of the Hearing was postponed because the spokesperson for the Union had experienced health problems and on May 23, 2005, the Hearing was held in a conference room on the first floor of the Wright County Court House in Clarion, Iowa. It began at approximately one o'clock in the afternoon and ended approximately two hours later.

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Prior to the opening of the Hearing, an informal conference was held to discuss the degree of formality they wished to observe and procedural matters such as their desire to make opening and/or closing statements, the treatment of witnesses, and the exchange and numbering of exhibits. The parties stated that their preference was not to make opening statements and that their conduct during the Hearing would be free-flowing and informal.

While the Hearing that provided the data that were used to craft the recommendations that appear at the close of this Report was neither an Arbitration nor a Fact-Finding Hearing, it was the product of an agreement unique to the parties. Strictly speaking, after conducting a Fact-Finding Hearing, the Fact-Finder is free to alter the positions of the parties as recommendations in a Report and the parties are free to accept, alter, or reject them. After conducting an Arbitration Hearing, the Arbitrator is to select, *without alteration, the most reasonable* of the offers submitted by the parties on each issue at impasse in an Award and the parties are to accept them as final and binding. In this case, the parties agreed that they would treat the recommendation for the resolution of each of the issues at impasse contained in this Report in the same *final and binding* sense as those contained in an Arbitration Award.

Statutory Criteria

The criteria Arbitrators are to use when selecting between the positions the parties present at an Arbitration Hearing appear at 9 in 20.22 of the PERA. To quote: *The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:*

- a. Past collective bargaining contracts between the parties
Including the bargaining that led up to such contracts.*
- b. Comparison of wages, hours, and conditions of employment
of the involved public employees with those of other public
employees doing comparable work, giving consideration to
factors peculiar to the area and the classification involved.*
- c. The interests and welfare of the public, the ability of the public
employer to finance economic adjustments and the effect of such
adjustments on the normal standard of services.*
- d. The power of the public employer to levy taxes and appropriate
funds for the conduct of its operations.*

For the remainder of this Report the PERA criteria will be shortened to *relevant factors*,

bargaining history, comparability, the public interest, and the ability to pay..

Background

The Union reported that it is the only group that negotiates the terms and conditions of its employer-employee relationship with the County and that it began to do so in about 1982. When the negotiations between the Union and the County were unable to voluntarily settle the Wage and Insurance Articles in their upcoming July 1, 2005 through June 30, 2006 Agreement, they agreed to waive the April 15 deadline as required in *The Code of Iowa* Chapter 20: at Section 20.17 and agreed that the way to settle each issue was to proceed to what they termed: *binding fact-finding*.

The Hearing

The Union provided a sixteen page document and a copy of the parties' July 1, 2004 to June 30, 2005 Agreement that were entered into the record as Union and Joint Exhibit # One. The Union treated each page in its Exhibit One as an outline and on Page 1 noted that:

The Employer's best and final offer is:

- *On wages - 3% or 45 cents increase, effective July 1, 2005.*
- *On health insurance – to increase the employee share of the family contribution to 30% of the difference between the single and family plan.*

The Union's best and final offer is:

- *On wages – 4.5% or 67 cents increase, effective July 1, 2005.*
- *On health insurance – to remove the 15.00 per month single contribution and to reduce the employee share of the family contribution from the current 25% of the difference between the single and family plan to 23%.*

It is important to note that the union proposes to preserve its current health insurance language, and to go to ISAC plan 10 rather 11.

The remainder of the Union presentation followed the remaining pages in its Exhibit and, at its close, the County was provided with an opportunity to comment on its content.

The County noted that two of the 10 Counties presented on Page 2 as comparable were considerably larger and most were west of Wright County and characterized their choice as *cherry picking*. The County then noted that the number of employees the Union used to cost the Employer wage proposal at the top of Page 7 should have been 28 and that the summary of the

Insurance Issue on page 10 is also inaccurate. The County does not use Plan 6 as a *base line* and did not intend to *eliminate the side-fund, eliminate the buy down, and increase the employee's cost* during their current negotiations with the Union. The County also depicted the copies of the newspaper articles on the last two pages of the Union Exhibit (Pages 15 and 16) as inappropriate.

The County also provided a notebook with un-numbered pages that was entered into the record as County Exhibit # One at the beginning of its presentation that were numbered after it was entered into the Record. As did the Union, the County used its Exhibit Notebook as an outline during its presentation and, when it was over, the Union was given an opportunity to comment on its content.

The Union noted that Page 11 should be corrected to show that the deductible plan in Humboldt County is partially self-funded. The Union also noted that the way the County represented the Page 13 *Group Health Plan Utilization Review* data was misleading. All County employees, not just the members of this bargaining Unit, contribute to the fact that the Wright County utilization rate is, comparatively speaking, higher than average.

After a brief exchange to clarify the intent of their respective comments, the Union introduced a copy of the *Prohibited Practice Complaint* against the County it filed with the Public Employment Relations Board (hereinafter the PERB) dated August 27, 2004 and a copy of the parties handwritten *Settlement Agreement* dated September, 28, 2004 that were entered into the Record as Union Exhibits Two and Three. The Union went on to discuss the significance of the Exhibits to its *best and final offer* to resolve the Insurance Issue. They provided the context for its proposal that the sentence: *The premium will be defined as the published premium cost of ISAC Plan 10* be added to the first paragraph of Article 12 and that Exhibit B, as it appears in their current Agreement not be changed. The Union position was that the *Settlement Agreement* dealt with the *administration* of the portion of the premium administered by EBS. It did not change the wording of Article 12 or Exhibit B.

Their proposals for the resolution of the Insurance Issue insure that the employee health insurance plan not be changed to Plan 11 and that the portion of the premium administered by EBS in their new Agreement will be administered in the way that it was prior to their *Settlement Agreement* i.e., it will be administered in the way it was administered during their July 1, 2003 to July 30, 2004 Agreement.

The County response to the Union proposals was that while it agreed that the wording of the *Settlement Agreement* was focused on how Article 12 and Exhibit B are administered, the way it was settled is what necessitates the changes in Article 12 and Exhibit B it has proposed.

In reply, the Union introduced a copy of an Affidavit signed by Gregory H. Stoebe (an attorney practicing in Humboldt Iowa) dated February 14, 2005 to support its position that the self-funding administered by EBS could be fashioned in the way the bargaining unit members believe it should be administered in their upcoming Agreement. The Affidavit was entered into the Record as Union Exhibit Four).

Discussion of the Issues

The *those other relevant factors* phrase that appears in the first sentence at 9 of 22.22 *Binding Arbitration* and the criteria that follow it in the PERA provided *frames of reference* for the discussion that follows.

While each party presented its positions on the issues as serving *the best interest of the public* and the County did not dispute its *ability to pay* the cost of implementing the best and final Union position, the Counties the parties provided as *comparable* to support their positions and their recent *bargaining history* differed.

The differences on the Wage Issue were easy to understand. The Union bases its 67 cent per hour (4.5%) across the board wage increase more on the fact that non-bargaining employees will be receiving a 4.5% wage increase than it does on the fact that the Wright County Patrol Operator wage is 46 cents per hour lower than the average in its Comparability Group. The County bases its 45 cent per hour (3%) across the board wage increase on the fact that it is higher than the 2.9% average in its Comparability Group.

The Union presented the cost of the 45 cent per-hour (*across the board*) County wage increase proposal for 24 bargaining unit members to be \$22,464.00 and then added 13.4% to that figure to cover the FICA/IPERS cost and ended with a \$25,474.76 total. Directly below those calculations, the Union arrived at the cost of its 67 cent per-hour (*across the board*) wage increase for 24 bargaining unit members to be \$33,446.40 and then added 13.4% to that figure to cover the FICA/IPERS cost and ended with a \$37,928.22 total.

The Union bargaining unit wage totals had to be adjusted to account for the four employees the County noted were *not included*. They were adjusted by dividing the 45 cent per

hour \$25,474.76 County proposal total cost figure by 24 to obtain a *per-employee* cost of \$1,061.32. Then that figure was multiplied by 4 and the \$4,245.28 total was added to the 24 employee County proposal total to obtain a 28 employee total of \$29,720.04. The same procedure was followed to arrive at a 28 employee total for the 67 cent per-hour Union proposal. It was calculated to be \$44,149.58 and \$14,429.54 was the difference between the two proposals.

Because of their importance to my understanding of the differences in their positions on the Insurance Issue, Union Exhibits Two and Three will be discussed first.

On August 27, 2004, the Wright County Maintenance Employees filed a *Prohibited Practice Complaint* (PPC) with the PERB charging that:

In January 2004, the County unilaterally changed insurance administrators but has continued and repeatedly stated it would continue insurance coverage and administration per past practice through June 30, 2004.

With the advent of the new contract, the county unilaterally changed a fundamental practice with regard to the handling of insurance claims...Further, such changes directly violate Article 12 of the current contract... in that it is specifically bargained the employer will maintain new coverage and provide the same coverage as currently exists.

The side fund and administration thereof are completely changed and... completely altered the character of the health insurance administration and coverage... and sought the remedy of requiring enforcement of current contract provisions as negotiated and past practices pursuant to said contract unless specifically negotiated differently for the current contract year.

On September 28, 2004, the parties signed a *Settlement Agreement* that begins: *In full and final settlement of PERB Case No. 6905...., the parties agree to the following....* The agreement goes on to state that in return for paying the claims which were unpaid or underpaid by Employee Benefits Systems (EBS) when it replaced the Bradford Financial Center as the partial self-funding administrator on January 1, 2004, pay them for the remainder of the parties July 1, 2003 to June 30, 2004 Agreement and agreeing to a five month (November and December of 2004 and January, February, and March of 2005) moratorium on the deduction of the employees' portion of the dependent premium, the Union agreed to having EBS continue to administer claims in the manner spelled out in its *Prohibited Practice Complaint*. Put differently, the Union agreed to have ABS continue to administer the partial self-funded portion of their health insurance plan for the duration of their July 1, 2004 to June 30, 2005 Agreement in the way it had administered it since January 1, 2004.

With all of the above in mind, my understanding is that the Union proposes to

- Increase the wage rates of bargaining unit members by 67 cents per hour.
- Add the sentence: *The premium will be defined as the published premium cost of ISAC Plan 10* to the first paragraph of Article 12.
- Keep Exhibit B as per the current Agreement.
- Have the EBS administered portion of Plan 10 follow the procedures in place during their July 1, 2003 to June 30, 2004 Agreement.
- Eliminate the \$15.00 per month *single health care* cost to employees. (and)
- Reduce the *family health care* employee contribution from 25% to 23% of the ISAC premium.

The cost of the Union Insurance Issue position (based on the July 1, 2005 published \$455 single and \$1020 per month family ISAC Plan 10 premium) for the six employees with single coverage and the eighteen employees with family coverage after reducing their contributions to zero and 23% respectively was calculated to be \$1,080 for single and \$3,020 for the family coverage or a total County cost of \$4,104.

Turning to the County proposals, on page 1 of its Exhibit One, the County framed its positions as:

Issue No. 1 Insurance

Article to read: Each eligible full-time employee will pay fifteen (\$15.00) per month toward the cost of the single health insurance premium. If an employee desires to cover his/her eligible dependents, he/she may do so by paying 30% of the dependent premium (family minus single premium). The remaining monthly premium for hospital and medical insurance will be paid by the County. The County shall retain the right to select the insurance coverage. However, in the event the employer elects to change insurance carriers, the new coverage shall provide comparable benefits as in effect on July 1, 2004. Employees may choose from among the three options as outlined in Appendix B.

The Employer will pay single and/or family premium for each eligible full-time employee for a dental insurance plan selected by the Employer.

(and) that the employee contribution in the July 1, 2005 to June 30, 2006 Agreement reflect the County actual premium (the ISAC plus the partial self-funding EBS premium) cost.

(and) that Exhibit B in the current Agreement be replaced by Appendix B.

Issue No. 2 Wages

Increase wages by 45 cents.

The County views wages and insurance as the major components of the *compensation package* it provides its employees that are intertwined and inseparable as issues. To quote from Page 12 of County Exhibit One:

The resources Wright County must devote to paying medical bills for its employees must be considered in analyzing the wage portion of the compensation package and when considering the amount that employees should contribute to the cost of covering themselves and their dependents under a health insurance plan.

On the same page, Hamilton County is presented as an example of the intertwinement and inseparability of the wage and insurance issues.

Hamilton County employees earn 90 cents more than Wright County employees, but not only do Hamilton County employees pay more toward the premium, Hamilton County pays \$213 less per month toward health insurance premiums than does Wright County.

The County explained that the premium it pays to EBS covers the *self-funding* of the difference between the \$1000/\$2000 deductible plan it purchases from ISAC and the \$250/\$500 deductible plan it offers to its employees. Without having the EBS plan in place, employees would be paying \$145.06 rather than \$137.50 per month for health insurance under their present Agreement.

I calculated the *single coverage* employee cost of including the EBS premium from the figures provided by the County and those provided by the Union. I did it by subtracting the \$455.00 Plan 10 figure on Page 7 of the Union Exhibits from the \$501.70 *option one* figure that appears on Page 6 of the County Exhibits to be \$46.70 per month. Then, I multiplied that figure by 12 to obtain a yearly cost figure of \$560.40.

When I examined the wording of Article 12 in the parties current Agreement, it was clear to me that the County has the right to select the insurance coverage and that while the County has not changed insurance carriers, the *Settlement Agreement* did change the way the coverage and benefits of its proposed Plan 11 would be administered.

When I examined the wording of Exhibit B, it was clear to me that it is *out of date* and ought to be changed. The ISAC-Plan III Alliance/Select \$1,000 with Blue Rx is no longer the

health insurance plan that is in effect and the Bradford Financial Center no longer administers its *Side-Fund*.

While I did not consider it reasonable for the County to assume that not including the cost of the partial self-funding premium for all of the years it had calculated the employees' contribution to its health insurance plans was simply a mistake and not an established practice, I did use the figures provided by the County to calculate the employee cost of changing from 25% of the ISAC premium to 30% of the *total premium* by subtracting the current \$137.50 cost from the \$177.20 (July 1, 2005) cost and found it to be an increase of \$39.70.

My understanding of the County positions on the issues is that it proposes to:

- Increase the wage rates of bargaining unit members by 45 cents per hour.
- Replace ISAC Health Insurance Plan 10 with ISAC Health Insurance Plan 11.
- Add the EBS (*Partial Self Funding*) premium to the ISAC premium as the *actual premium* used when calculating employee contributions to their health care.
- Maintain the \$15.00 per month employee *single health care* contribution. (and)
- Change the employee *family health care* contribution from 25% of the ISAC premium to 30% of the *actual premium*.
- Change the wording of Article 12.
- Change the wording of Exhibit B.
- Keep the same benefits, deductibles, and out-of-pocket maximums that are in effect in the current Agreement in effect for the duration of their July 1, 2005 to June 30, 2006 Agreement.

With my understanding of the positions of the parties in mind, I again reviewed the testimony and the data provided in their Exhibits in light of their *bargaining history*, the similarities and differences in their *comparability groups*, and *the interest and welfare of the public* to arrive at the following recommendations.

Recommendations

On the Wage Issue: That the County increase to the wage rate of bargaining unit employees by 67 cents per hour across the board.

On the Insurance Issue: That Article 12 read as it does in the County Exhibit with the 30% that appears in the second sentence replaced by 25%; That Exhibit B in the current Agreement be replaced by the three County ISAC Plan 11 Appendix B *Options* as Exhibit

B in their July 1, 2005 to June 30, 2006 Agreement, and: That the new Exhibit B Single (28) – Family (92) employee share of the three ISAC Plan 11 *Option* Premiums not include the EBS premium.

Signed and dated in Iowa City, Iowa

Walter J. Foley 6-6-05
Walter J. Foley

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CERTIFICATE OF SERVICE

I certify that on June 6, 2005, I served the foregoing Final Fact-Finding Recommendations upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

For the Wright County Secondary Road Maintenance Employee Organization:

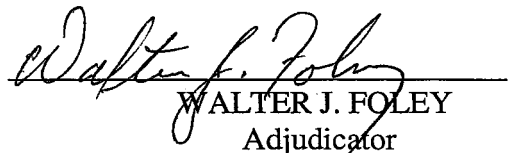
Mr. Thomas Anthony
1425 8th Ave SE
Dyersville, Iowa 52040

Mr. Danny Homan
4320 N.W. Second Avenue
Des Moines, Iowa 50313

For the Wright County Board of Supervisors:

Ms. Renee Von Bokern
2771 - 104th St., Ste. H
Des Moines, Iowa 50322

I further certify that on June 6, 2005, I will submit this Award for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, Iowa 50309.


WALTER J. FOLEY
Adjudicator